

104TH CONGRESS  
2D SESSION

# H. R. 3512

To amend title 10, United States Code, to establish limitations on taxpayer-financed compensation for defense contractors.

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## IN THE HOUSE OF REPRESENTATIVES

MAY 22, 1996

Mr. SANDERS introduced the following bill; which was referred to the  
Committee on National Security

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## A BILL

To amend title 10, United States Code, to establish limitations on taxpayer-financed compensation for defense contractors.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. LIMITATION ON COMPENSATION PAID UNDER**  
4               **DEFENSE CONTRACTS.**

5           (a) LIMITATION.—Section 2324 of title 10, United  
6 States Code, is amended—

7               (1) by redesignating subsection (l) as subsection  
8               (m); and

9               (2) by inserting after subsection (k) the follow-  
10           ing new subsection (l):

1 “(1) LIMITATION ON COMPENSATION.—

2 “(1) IN GENERAL.—Subject to paragraph (2),  
3 the head of an agency may not obligate funds to pay  
4 a contractor under a contract with the agency for  
5 the costs of compensation with respect to the serv-  
6 ices of any one individual to the extent that the total  
7 amount of the compensation paid in a fiscal year to  
8 that individual exceeds \$200,000.

9 “(2) AGGREGATION RULE.—For purposes of de-  
10 termining the limitation on payment to a contractor  
11 under paragraph (1), all contracts entered into by  
12 the contractor with the agencies covered by this  
13 chapter and with all executive agencies (if any) shall  
14 be treated as one contract, and the \$200,000 limita-  
15 tion with respect to the services of an individual in  
16 a fiscal year shall be allocated among the contracts  
17 in the manner prescribed in regulation by the Ad-  
18 ministrator for Federal Procurement Policy.

19 “(3) DEFINITIONS.—In this subsection:

20 “(A) The term ‘compensation’ includes sal-  
21 aries, bonuses, deferred compensation, stock op-  
22 tions and payouts, certified indirect costs, re-  
23 structuring costs, and performance-based pay-  
24 ments.

1                   “(B) The term ‘executive agency’ has the  
2                   meaning provided by section 3 of the Federal  
3                   Property and Administrative Services Act of  
4                   1949 (41 U.S.C. 472).”.

5           (b) APPLICABILITY.—Subsection (l) of section 2324  
6 of title 10, United States Code, as added by subsection  
7 (a), applies to contracts entered into after the date of the  
8 enactment of this Act.

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